

Written statement of a key decision
Cabinet

Title	Annual review of earmarked reserves
Decision maker	Cabinet Information about cabinet, including the names and contact details of the cabinet members, can be found here: http://councillors.herefordshire.gov.uk/mgCommitteeDetails.aspx?ID=251
Date of decision	28 June 2018
Report exemption class	Open
Reason for being a key decision	This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function concerned. A threshold of £500,000 is regarded as significant.
A notice was served in accordance with Part 3 (Key decisions) of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.	
General exception or special urgency (as defined in the constitution)	No
Purpose	To approve proposed changes to earmarked reserves following the annual review. Earmarked reserves are established to hold revenue balances to fund future year commitments over and above the annual budget requirement. They generally arise where funding exceeds expenditure, usually due to the timing of receipts being ahead of incurring expenditure. As a matter of good practice a review is undertaken each year to establish the continued need for reserves held for earmarked purposes to ensure resources can be used to best effect whilst maintaining a prudent level of reserves to meet future anticipated commitments. The annual review has highlighted the proposed movement of £7.5m of reserve funding from two reserves held into alternative reserves, summarised below- <ul style="list-style-type: none"> • Reduction of the sparsity reserve (£6.4m) • Part utilisation of the minimum revenue provision reserve (£1.1m)

	<ul style="list-style-type: none"> • Severe weather fund, proposed reserve addition of £1.4m • Children’s wellbeing structural change, new reserve of £1.6m • Adults and wellbeing provision of care cost, new reserve of £0.5m • Road remedial works, £2.8m • Living Wage, new reserve of £0.5m • Health and wellbeing new reserve of £0.5m • Legal services demand, new reserve £0.2m
Decision	<p>That:</p> <p>(a) the following movements re earmarked reserves be approved:</p> <ul style="list-style-type: none"> • the sparsity reserve be reduced by £6.4m • the minimum revenue provision reserve be reduced by £1.1m • the severe weather reserve be increased by £1.4m • a new reserve of £1.6m established to support structural change in children’s wellbeing • a new reserve of £0.5m established to support providing care costs in Adults and Wellbeing • a new reserve of £2.8m established to support remedial road works • a new reserve of £0.5m established to meet any future liabilities re living wage claims • a new reserve of £0.5m established to support the community health and wellbeing requirements • legal services demand, £0.2m
Reason for the decision	<p>As set out in the report. Documents relating to this decision are available at</p> <p>http://councillors.herefordshire.gov.uk/mglIssueHistoryHome.aspx?IId=50026529</p>
Options considered	<ol style="list-style-type: none"> 1. To not approve the proposed earmarked reserve movements. This would mean reserves remain earmarked for the purposes currently stated and may not be used to support priority activity. The proposals follow an annual review and therefore the alternative option is not recommended. 2. To propose alternative movement of reserves. This is open for Cabinet to determine. However should that mean that funds that are required for an earmarked purpose are no longer available an alternative method of funding would need to be secured.
Declarations of interest (see ▪ below)	
Call-in expiry date (decisions are not subject to call-in where special urgency provisions apply)	5 July 2018

Councillor:

Date 28 June 2018

Leader of the Council

(Councillor JG Lester)

- a record of any conflict of interest declared by any executive member who is consulted by the member which relates to the decision;

and

- in respect of any declared conflict of interest, a note of dispensation granted by the relevant local authority's head of paid service.